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RECORDATION NO. FILED 1423

JUL 13 1989 -9 10 AM

INTERSTATE COMMERCE COMMISSION

July 12, 1989

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ROBERT H. BARON
KEVIN J. GREHAN
W. CLAYTON JOHNSON
STEPHEN S. MADSEN

Chicago and North Western Transportation Company

Dear Ms. McGee:

Pursuant to 49 U.S.C. § 11303 and the Commission's rules and regulations thereunder, as amended, I enclose herewith on behalf of Chicago and North Western Transportation Company, for filing and recordation, counterparts of the following document:

Lease and Agreement dated as of June 1, 1989, between Chicago and North Western Transportation Company, as Lessee, and RCL Company, as Lessor.

The names and addresses of the parties to the aforementioned agreement are as follows:

1. Lessee:
Chicago and North Western Transportation Company -
One North Western Center
Chicago, Illinois 60606
2. Lessor:
RCL Company
c/o The Chase Manhattan Bank (National Association)
1 Chase Manhattan Plaza
New York, New York 10015

Country Club - Q. of Record

Please file and record the document referred to in this letter and index it under the names of the Lessor and the Lessee.

The equipment covered by the aforementioned document is listed on Exhibit A attached hereto.

The equipment bears the legend "RCL Company, Owner; The Chase Manhattan Bank (National Association), Agent, Mortgagee".

There is also enclosed a check for \$13.00 payable to the Interstate Commerce Commission representing the fee for recording the Lease and Agreement.

Please stamp all counterparts of the enclosed document with your official recording stamp. You will wish to retain one copy of the instruments and this transmittal letter for your files. It is requested that the remaining counterparts of the document be delivered to the bearer of this letter.

Very truly yours,

Laurance V. Goodrich /cws

Laurance V. Goodrich
as Agent for Chicago and North
Western Transportation Company

Noreta R. McGee, Secretary,
Interstate Commerce Commission,
Washington, D.C. 20423

Encls.

A. Equipment Description:

<u>Number</u>	<u>Type</u>	<u>Builder</u>	<u>Road Numbers</u>
6	77 Ton Air Dump Hoppers	DIFCO, INC.	CNW 743000-743005
256	Open Top Hopper	FMC Corp.	CNW 791000-791099 CNW 791101-791222 CNW 791224-791252 CNW 791278-791283
<u>39</u> 301	65' Gondola Cars	Magor Car Corp.	CNW 745000-745033 CNW 745040-745045

16423

RECORDATION NO. _____ FILED 16423

CERTIFICATE OF TRUE COPY

JUL 13 1989 - 9 10 AM

STATE OF NEW YORK)
) ss:
COUNTY OF NEW YORK)

INTERSTATE COMMERCE COMMISSION

I, Caryn W. Sherman, do hereby certify that I have compared the attached copies of the attached documents with an executed original counterpart thereof and find the said attached copies to be in all respects true, correct and complete copies of the aforesaid executed original counterpart.

IN WITNESS WHEREOF, the undersigned has hereunto affixed his signature this 12th day of July, 1989.

Caryn W. Sherman
Caryn W. Sherman

Subscribed and sworn to
before me this 12th day
of July, 1989.

Arthur Welwardt
Notary Public

My Commission expires:

ARTHUR WELWARDT
Notary Public, State of New York
No. 41-4834412
Qualified in Queens County
Certificate Filed in New York County
Commission Expires July 31, 1989

1638B

16423
RECORDATION NO. _____ FILED 1-85

JUL 13 1989 - 9 10 AM LEASE # 4A

LEASE AND AGREEMENT INTERSTATE COMMERCE COMMISSION

This Lease and Agreement ("Third Lease") dated as of June 1, 1989, between RCL COMPANY ("Lessor") and CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY ("Lessee").

W I T N E S S E T H

WHEREAS, Lessor and Chicago Rock Island and Pacific Railroad Company (the "Debtor") entered into a lease of railroad equipment dated as of April 1, 1966 ("Original Lease"), pursuant to which certain units of railroad equipment ("Original Lease Equipment") were leased to the Debtor for a period of 15 years after the date of delivery and acceptance of the said equipment by Debtor, with various expiration dates, the last of which occurred on July 28, 1981. A copy of the Original Lease is attached hereto as Exhibit B to the Second Lease (hereinafter defined).

WHEREAS, Lessor and Lessee negotiated and operated under (although never signed) a Lease and Agreement dated as of May 19, 1981 ("Second Lease"), pursuant to which the Lessee leased from Lessor the portion of the Original Lease Equipment described in Exhibit A to the Second Lease ("Second Lease Equipment") at the rentals, for the terms and upon the conditions as set forth in the Original Lease as modified in accordance with Exhibit C to the Second Lease. A copy of the Second Lease is attached as Annex B hereto.

WHEREAS, Lessor desires to lease to Lessee and Lessee desires to lease from Lessor effective July 29, 1990, the portion of the Second Lease Equipment described Paragraph A of Annex A hereto ("Equipment") at the rentals, for the terms and upon the conditions set forth in the Second Lease as modified in accordance with Annex A hereto.

NOW, THEREFORE, in consideration of the foregoing and of the rentals and commissions to be paid and the covenants hereinafter set forth to be kept and performed by the parties hereto, Lessor and Lessee agree as follows:

1. Delivery of the Equipment. It is hereby acknowledged by the parties that the Equipment has been delivered to and accepted by the Lessee as of the end of the term of the Second Lease.

2. Rentals. Lessee agrees to pay Lessor rental for each Unit of Equipment subject to this Third Lease the amounts as shown in Paragraph B of Annex A hereto.

All payments provided for in said Paragraph B to be made to Lessor shall be made by Lessee to Lessor in care of Cravath, Swaine & Moore, One Worldwide Plaza, New York, N.Y. 10019-7415, attention of Inge Pihl or such other place as Lessor shall specify in writing. All payments provided for in said Paragraph B to be made by Lessee to General Electric Rail Car Services ("GERCS"), formerly NAC, shall be made to GERCS at 33 West Monroe Street, Chicago, Illinois 60603, attention Legal Department, or such other place as GERCS shall specify in writing.

3. GERCS Commission. Lessor agrees that, as specified in the Second Lease and as noted said Paragraph B, a portion of the rental payable thereunder shall be payable to GERCS and such amount shall not be increased or decreased hereby.

4. Term of Lease. The term of this Third Lease as to each Unit of Equipment shall begin as of the end of the term of the Second Lease in respect of such Unit of Equipment ("Commencement Date") and shall end at the close of business on July 28, 2000.

5. Other Terms and Conditions. All the other terms and conditions of this Third Lease are as specified in the Second Lease as modified by Annex A hereto.

6. Original Lease Equipment. This Third Lease is effective only as to the Equipment described on Annex A hereto. Since the Equipment is less than all the Second Lease Equipment, Lessor and Lessee agree that the Second Lease terms are modified to reflect the fact that less than all of the Second Lease Equipment is subject to this Third Lease.

7. Filing with the ICC. The Lessee will promptly cause this Third Lease to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303.

IN WITNESS WHEREOF, each of the parties hereto, pursuant to due authority, has caused this instrument to be duly executed in its name by its authorized signatories or officers, thereunto duly authorized, all as of the date first above written, and each of the undersigned signatories hereto declares pursuant to 28 U.S.C. § 1746 under penalty of perjury that the foregoing is true and correct and was executed on the date indicated below its signature.

LESSOR:

RCL COMPANY,

By General C Butler
General Partner

Executed on June 22, 1989.

By Melvin Bodner
General Partner

Executed on June 27, 1989.

LESSEE:

CHICAGO AND NORTH WESTERN
TRANSPORTATION COMPANY,

By John E Volksett
Vice President

Executed on June 27, 1989.

ANNEX A TO THIRD LEASE

A. Equipment Description:

<u>Number</u>	<u>Type</u>	<u>Builder</u>	<u>Road Numbers</u>
6	77 Ton Air Dump Hoppers	DIFCO, INC.	CNW 743000-743005
256	Open Top Hopper	FMC Corp.	CNW 791000-791099 CNW 791101-791222 CNW 791224-791252 CNW 791278-791283
<u>39</u> 301	65' Gondola Cars	Magor Car Corp.	CNW 745000-745033 CNW 745040-745045

B. Section 2 of the Original Lease is hereby amended by adding the following after the last paragraph of that Section for the purposes of the Third Lease:

"The semi-annual rental from July 29, 1990, through July 28, 2000, shall be as follows for each Unit noted below and payable in arrears beginning January 28, 1991, to the parties as noted below:

Semiannual Rental

<u>Date</u>	<u>Air Drump Hopper Cars</u>	<u>Open Top Hopper Cars</u>	<u>Gondola Cars</u>
1/28/91	\$1,154.51	\$ 998.58	\$ 959.91
7/28/91	1,154.51	998.58	959.91
1/28/92	1,212.24	1,048.51	1,007.91
7/28/92	1,212.24	1,048.51	1,007.91
1/28/93	1,272.85	1,100.93	1,058.30
7/28/93	1,272.85	1,100.93	1,058.30
1/28/94	1,336.49	1,155.98	1,111.22
7/28/94	1,336.49	1,155.98	1,111.22
1/28/95	1,403.31	1,213.78	1,166.78
7/28/95	1,403.31	1,213.78	1,166.78
1/28/96	1,473.48	1,274.47	1,225.12
7/28/96	1,473.48	1,274.47	1,225.12
1/28/97	1,547.15	1,338.19	1,286.37
7/28/97	1,547.15	1,338.19	1,286.37
1/28/98	1,624.51	1,405.10	1,350.69
7/28/98	1,624.51	1,405.10	1,350.69
1/28/99	1,705.74	1,475.36	1,418.22
7/28/99	1,705.74	1,475.36	1,418.22
1/28/00	1,791.02	1,549.13	1,489.14
7/28/00	1,791.02	1,549.13	1,489.14

C. For the purposes of the Third Lease, Section 6 of the Original Lease is amended to read as follows:

§ 6. Payment for Casualty Occurrences. In the event that any Unit shall be or become lost, stolen, destroyed or irreparably damaged from any cause whatsoever (such occurrences being hereinafter called Casualty Occurrences) during the term of this Lease, Lessee shall promptly (after it has knowledge of such Casualty Occurrence) and fully inform Lessor in regard thereto. On the next succeeding rental payment date Lessee will pay to Lessor in addition to the accrued rental for such Unit to the date of such payment, a sum

equal to the Casualty Value of such Unit as of the date of such payment, in accordance with the schedule below. On the last rental payment date during the term hereof, Lessee shall pay to Lessor, in addition to the rental accrued thereon, a sum equal to the Casualty Value of every Unit which shall have suffered a Casualty Occurrence and in respect of which a payment shall not have theretofore been made pursuant to this § 6. Upon making such payment in respect of such Unit, the rental for such Unit shall cease to accrue as of the date of such payment, the term of this Lease as to such Unit shall terminate and title to and rights in such Unit shall thereupon vest in Lessee.

The Casualty Value of each Unit as of any rental payment date shall be the amount set forth in the following schedule opposite such rental payment date:

<u>Rental Payment Date</u>	<u>Amount</u>	<u>Rental Payment Date</u>	<u>Amount</u>
1/28/91	\$15,000	1/28/96	\$11,166
7/28/91	15,000	7/28/96	11,166
1/28/92	14,233	1/28/97	10,400
7/28/92	14,233	7/28/97	10,400
1/28/93	13,466	1/28/98	9,633
7/28/93	13,466	7/28/98	9,633
1/28/94	12,700	1/28/99	8,866
7/28/94	12,700	7/28/99	8,866
1/28/95	11,933	1/28/00	8,100
7/28/95	11,933	7/28/00	8,100

Lessee shall, if feasible, sell any Unit that has suffered a Casualty Occurrence, and after Lessee shall have paid the Casualty Value of such Unit to Lessor, Lessee shall be entitled to an amount that is equal to the net proceeds of such sale (after deducting all expenses in connection therewith) to the extent that such amount and other credits or payments do not exceed the Casualty Value of such Unit and any balance shall be paid forthwith to Lessor."

D. For the purposes of the Third Lease, the parenthetical in the third line of § 10 of the Original Lease shall be amended to read as follows:

"(other than a Unit which shall have suffered a Casualty Occurrence and which shall have been sold as provided in the § 6 hereof)"

[End of Document]

LEASE AND AGREEMENT

This Lease and Agreement (the "Lease") dated as of May 19, 1981, among RCL COMPANY ("Lessor"), CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY ("Lessee") and NORTH AMERICAN CAR CORPORATION ("NAC").

W I T N E S S E T H:

WHEREAS, Lessor and Chicago Rock Island and Pacific Railroad Company (the "Debtor") entered into a lease of railroad equipment dated as of April 1, 1966 (the "Original Lease"), under which Original Lease certain units of railroad equipment (the "Original Lease Equipment") were leased to the Debtor for a period of 15 years after the date of delivery and acceptance of the said equipment by Debtor, with various expiration dates, the last of which occurred on July 28, 1981. The Original Lease is attached hereto as Exhibit A; and

WHEREAS, Lessor desires to lease to Lessee and Lessee desires to lease from Lessor the portion of the Original Lease Equipment described on Exhibit B hereto (the "Equipment") at the rentals, for the terms and upon the conditions as set forth in the Original Lease as modified in accordance with Exhibit C hereto; and

WHEREAS, NAC has provided certain services to the Lessor with respect to the leasing of the Equipment to Lessee and Lessor therefore desires to pay to NAC certain amounts as hereinafter specified.

NOW, THEREFORE, in consideration of the foregoing and of the rentals and commissions to be paid and the covenants hereinafter set forth to be kept and performed by the parties hereto, the Lessor, Lessee and NAC agree as follows:

1. Delivery of the Equipment. It is hereby acknowledged by the parties that the Equipment has been delivered to and accepted by the Lessee, as of the end of the Original Term (as defined in paragraph K of Exhibit C).

2. Rentals. Lessee agrees to pay the Lessor rental for each Unit of Equipment subject to this Lease the amounts as shown in Paragraph A of Exhibit C attached hereto.

All payments provided for in said Paragraph A to be made to Lessor shall be made by Lessee to Lessor in care of the Chase Manhattan Bank (National Association), One Chase Manhattan Plaza, New York, New York 10015, attention of Corporate Trust Department or such other place as Lessor shall specify in writing. All payments provided for in said Paragraph A to be made by Lessee to NAC shall be made to NAC, 33 West Monroe Street, Chicago, Illinois 6060_, attention Legal Department, or such other place as NAC shall specify in writing.

3. NAC Commission. Lessor agrees that a portion of the rentals payable hereunder, as specified in Paragraph A of Exhibit C, shall be payable to NAC as commission for services provided by NAC with respect to this Lease.

4. Term of Lease. The term of this Lease as to each Unit of Equipment shall begin as of the end of the Original Term in respect

of any Unit of Equipment ("Commencement Date") and shall end on the dates as specified in Paragraph B of Exhibit C hereto.

5. Other Terms and Conditions. All the other terms and conditions of this Lease are as specified in Exhibits A, B and C attached hereto and made a part hereof, except that the Lessee is hereby substituted for the Debtor in the Original Lease.

6. Original Lease Equipment. This Lease is effective only as to the Equipment described on Exhibit B hereto. Since Exhibit B is less than all the Original Lease Equipment, Lessor and Lessee agree that the Original Lease terms are modified to reflect the fact that less than all of the Original Lease Equipment are subject to this Lease.

7. Original Lease Obligations. Lessee expressly does not assume any liabilities or obligations arising under or which have accrued in whole or in part pursuant to the terms of the Original Lease prior to the end of the Original Term.

8. Markings. Lessee agrees to restencil and renumber the Equipment at Lessee's expense to eliminate the reporting marks of William M. Gibbons, as trustee of the Debtor and the Debtor as soon as reasonably possible after the Commencement Date.

9. Filings. Lessee agrees to make at Lessee's expense such filing as may be required under the Lease and under any encumbrance on the Lease of the Equipment to reflect this Lease and the renumbering of the Equipment. Such filings shall be made as soon as reasonably possible after the Commencement Date. Lessee shall within twenty (20) days after such filings give Lessor, NAC and each

party having a security interest in the Lease copies of the filed documents.

IN WITNESS WHEREOF, Lessor, Lessee and NAC have caused this Lease to be executed as of the date above stated.

LESSOR:

RCL COMPANY

By _____
General Partner

By _____
General Partner

LESSEE:

CHICAGO AND NORTH WESTERN
TRANSPORTATION COMPANY

By _____
Vice President

ATTEST:

Assistant Secretary

NAC:

NORTH AMERICAN CAR CORPORATION

By _____
Vice President

ATTEST:

Assistant Secretary

STATE OF)
) SS.
COUNTY OF)

On this _____ day of _____, 1981, before me personally appeared _____, and _____, to me personally known, who, being by me duly sworn, says that they are two of the partners of RCL Company, the partnership mentioned and described in, and which executed, the foregoing Consent, and said partners duly acknowledged to me that they executed said Consent for and on behalf of and with the authority of said partnership of RCL Company for the uses and purposes therein mentioned.

Notary Public

[Notarial Seal]

My Commission expires: _____

STATE OF)
) SS.
COUNTY OF)

On this _____ day of _____, 1981, before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he is the Vice President of Chicago and North Western Transportation Company, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]

My Commission expires: _____

STATE OF)
) SS.
COUNTY OF)

On this _____ day of _____, 1981, before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he is the Vice President of North American Car Corporation, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]

My Commission expires: _____

EXHIBIT B

LEASE OF RAILROAD EQUIPMENT dated as of April 1, 1966, between RCL COMPANY, a New York partnership (hereinafter called Lessor), and CHICAGO, ROCK ISLAND AND PACIFIC RAILROAD COMPANY, a Delaware corporation (hereinafter called Lessee).

Lessor proposes to enter into purchase agreements with, respectively, F.M.C. Corporation (hereinafter called F.M.C.), International Car Corporation (hereinafter called International), Magor Car Corporation (hereinafter called Magor), General Steel Industries (hereinafter called General), Alco Products, Incorporated (hereinafter called Alco), Ortner Freight Car Company (hereinafter called Ortner), Stanray Corporation (hereinafter called Stanray) and Difco, Inc. (hereinafter called Difco), in each case providing for the purchase by Lessor of certain railroad equipment. F.M.C., International, Magor, General, Alco, Ortner, Stanray and Difco are hereinafter individually called a Builder and, collectively, the Builders; the purchase agreements referred to in the preceding sentence are hereinafter called the Purchase Agreements; and the railroad equipment being purchased by Lessor pursuant to the Purchase Agreements (subject to exclusion, as provided in the third paragraph hereof) is described in Schedule A hereto and is hereinafter called the Equipment.

The several Purchase Agreements will each be in substantially the form heretofore approved by Lessee, and therefore each unit of the Equipment shall be constructed in accordance with specifications heretofore duly approved in writing by Lessee (such specifications are hereinafter, with such modifications in such unit as may be approved in writing by the Builder thereof, Lessor and Lessee, called the Specifications).

Lessee desires to lease from Lessor all the units of the Equipment, or such lesser number as are delivered, accepted and finally settled for on or prior to August 31, 1966 for an aggregate Purchase Price (as defined in the Purchase Agreements) not in excess of \$7,764,706 (such units being hereinafter called the Units), at the rentals, for the terms and upon the conditions hereinafter provided.

EXHIBIT A TO LEASE AND AGREEMENT

1. Lease: Lease and Agreement dated May 19, 1981
Lessee: Chicago and North Western Transportation Company
Lessor: RCL Company
2. Equipment Description:

<u>NUMBER*</u>	<u>TYPE</u>	<u>BUILDER</u>	<u>ROAD NOS.</u>
6	77 Ton Air Dump Hoppers	DIFCO, INC.	RI 97410 to 97415, all inclusive
10	Cabooses	International Car Corp.	RI 17072 to 17081, all inclusive
285	Open Top Hopper	FMC Corp.	101700-999 (which includes thirteen Units which have been renumbered 601700 to 601712)
47	65' Gondola Cars	Magor Car Corp.	3450 to 3499 (which includes one Unit re-numbered 503450)

- * Excepting therefrom the Units which have suffered a Casualty Occurrence and which Casualty Occurences, if any, are not noted in this Exhibit.

Now, THEREFORE, in consideration of the foregoing and of the rentals to be paid and the covenants hereinafter set forth to be kept and performed by Lessee, Lessor hereby leases the Units to Lessee upon the following terms and conditions:

§ 1. *Delivery and Acceptance of Units.* Lessor will cause each Unit to be tendered to Lessee at the delivery point for such Unit set forth in Schedule A hereto, or at such other point as Lessor, Lessee and the Builder may mutually agree upon. Upon such tender, Lessee will cause its authorized representative to inspect such Unit, and if found to conform to the Specifications, to accept delivery of such Unit and to execute and deliver to Lessor and to the Builder of such Unit a certificate of acceptance (hereinafter called the Certificate of Acceptance). Thereupon such Unit shall be deemed to have been delivered to and accepted by Lessee and shall be subject thereafter to all the terms and conditions of this Lease.

§ 2. *Rentals.* Lessee agrees to pay to Lessor as rental for each Unit subject to this Lease thirty semi-annual payments, each in an amount equal to 4.336638% of the Purchase Price of such Unit. The term Purchase Price in respect of any Unit shall mean the aggregate amount paid by Lessor to the Builder of such Unit on the Closing Date (as defined in the Purchase Agreement between Lessor and such Builder) in respect of such Unit pursuant to such Purchase Agreement, which amount shall not, without the prior written consent of Lessee, exceed the amount indicated as the purchase price of such Unit in Schedule A hereto except by virtue of increases pursuant to the terms of such Purchase Agreement. As additional rental hereunder in respect of each Unit, Lessee shall pay to the Builder of such Unit for account of Lessor, promptly upon receipt from such Builder of an invoice or invoices therefor, any increase in the base price (as defined in the Purchase Agreement) of such Unit in excess of the Purchase Price thereof. All Units settled for on any Closing Date are hereinafter called a Series. The semi-annual pay-

ments to be made by Lessee pursuant to this § 2 shall be made on the day immediately preceding the semi-annual and annual anniversary dates (or if such day is not a business day, on the immediately preceding business day) of the Closing Date in respect of such Unit, in federal funds or its equivalent. As promptly as possible, Lessor will prepare and submit to Lessee a rental payment schedule setting forth the Purchase Price of each Unit and the amount and method of calculation of the rental payments required by this § 2. The term business day as used herein shall mean any day other than a day on which commercial banks in New York, N. Y., are authorized by law to close.

All payments provided for in this Lease to be made to Lessor shall be made to Lessor care of The Chase Manhattan Bank (National Association), 1 Chase Manhattan Plaza, New York, New York 10015, attention of Corporate Trust Department, or at such other place as Lessor shall specify in writing.

This Lease is a net lease, and Lessee shall not be entitled to any abatement of rent, reduction thereof or set-off against rent, including, but not limited to, abatements, reductions or set-offs due or alleged to be due to, or by reason of, any past, present or future claims of Lessee against Lessor under or with respect to this Lease or otherwise or against any Builder or against any person or entity having or claiming to have a beneficial interest in any Unit; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of Lessor or Lessee be otherwise affected, by reason of any defect or alleged defect in or damage or alleged damage to or loss or loss of possession or loss of use of or destruction of all or any of the Units from whatsoever cause, the prohibition of, or other restriction against, Lessee's use of all or any of the Units, the interference with such use by any private person or entity, the invalidity, illegality or unenforceability or lack of due authorization of this Lease, or lack of right, power or authority of Lessor to enter into and/or perform this Lease, or by reason of any failure by Lessor to perform any of its obligations herein con-

tained, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease.

§ 3. *Term of Lease.* The term of this Lease as to each Unit shall begin on the date of the delivery to and acceptance by Lessee of such Unit and, subject to the provisions of §§ 6, 9 and 11 hereof, shall terminate on the fifteenth anniversary of the Closing Date in respect of such Unit.

§ 4. *Identification Marks.* Lessee will cause each Unit to be kept numbered with its identifying number as set forth in Schedule A hereto and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of such Unit, in letters not less than one inch in height, the following words: "RCL COMPANY, OWNER; THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION), AGENT, MORTGAGEE" or other appropriate words designated by Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of Lessor to such Unit and the rights of Lessor under this Lease and the rights of the holders of any security interest in such Unit heretofore or hereafter created by Lessor. Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such names and word or words shall have been so marked on both sides thereof and will replace promptly any such names and word or words which may be removed, defaced or destroyed. Lessee will not change the identifying number of any Unit except with the written consent of Lessor and in accordance with a written statement of new identifying numbers to be substituted therefor, which consent and statement previously shall have been filed with Lessor by Lessee and filed, recorded

or deposited in all public offices in which this Lease will have been filed, recorded or deposited; provided, however, that, in addition to such identifying number, Lessee may cause to be placed on each Unit in such position as not to be confused with the identifying number thereon a reporting number identifying such Unit for reporting and operating purposes, which reporting number may be changed by Lessee from time to time without the consent of Lessor or the filing, recording or depositing of any instrument.

Except as above provided, Lessee will not allow the name of any person, association, corporation or other entity to be placed on the Units as a designation that might be interpreted as a claim of ownership or right to possession or use thereof; provided, however, that Lessee may cause the Units to be lettered with the names, initials or other insignia customarily used by Lessee or its affiliates on railroad equipment used by it of the same or a similar type for convenience of identification of the right of Lessee to use the Units under this Lease.

§ 5. *Taxes, Etc.* Lessee agrees that, in addition to the other payments provided herein, it will promptly pay, or promptly reimburse Lessor should payment be made by it for, all taxes imposed by any foreign or domestic governmental authority, fees, charges, assessments or licenses (excluding federal income taxes payable by Lessor in consequence of the receipt of payments to Lessor provided herein and excluding also state or local income taxes or franchise taxes measured by net income based on such receipts, up to the amount of any such taxes which would be payable to the state in which Lessor has its principal place of business without apportionment to any other state, except any such tax which is in substitution for or relieves Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided, but including, without limitation, sales, use, franchise [except as hereinabove limited], property, gross receipts and occupation taxes) (all the foregoing not so excluded being hereinafter collectively called Impositions), (1) levied or imposed upon, measured

by or exacted because of the Purchase Agreements or any sale, use, payment, shipment, delivery or transfer of title under the terms thereof, except sales taxes included in the Purchase Price of the Equipment, (ii) levied or imposed upon the Units or the interest of Lessee or Lessor in the Units or any thereof or exacted because of the ownership, use, operation or leasing thereof or upon the rentals or earnings arising therefrom, or (iii) levied or assessed against Lessor on account of its acquisition or ownership of the Units or any thereof or on account of the use, operation or leasing thereof or on account of the rentals or earnings arising therefrom. Lessee agrees that, during the continuance of this Lease, in addition to the payments herein provided and payment or reimbursement of Impositions as provided in this § 5, it will promptly pay or reimburse Lessor for any interest or penalties resultant from any delay in paying any Imposition which Lessee has herein agreed to pay or reimburse or for its failure to withhold or collect and pay over. Notwithstanding the foregoing, Lessee shall not be required to pay or reimburse any Imposition or any such interest or penalties so long as it shall in good faith and by appropriate legal or administrative proceedings contest the validity or amount thereof unless thereby, in the judgment of Lessor, either the rights or interests of Lessor will be materially endangered or as a result thereof an Event of Default shall exist.

In the event any reports with respect to Impositions are required to be made on the basis of identifiable Units, Lessee will either make such reports in such manner as to show the interests of Lessor in such Units or will notify Lessor of such requirement and will make such reports in such manner as shall be satisfactory to Lessor.

In the event that, during the continuance of this Lease, Lessee becomes liable for the payment or reimbursement of any Impositions, interest or penalties pursuant to this § 5, such liability shall continue, notwithstanding the expiration of the term of this Lease, until all such Impositions, interest and penalties are paid or reimbursed by Lessee plus, if paid by Lessor, 6% per annum from the date such Im-

positions, interest and penalties were paid by Lessor to the date of reimbursement by Lessee.

§ 6. *Payment for Casualty Occurrences.* In the event that any Unit shall be or become lost, stolen, destroyed or irreparably damaged from any cause whatsoever (such occurrences being hereinafter called Casualty Occurrences) during the term of this Lease, Lessee shall promptly (after it has knowledge of such Casualty Occurrence) and fully inform Lessor in regard thereto. When the aggregate Casualty Value (as hereinafter defined) of Units having suffered a Casualty Occurrence included in a Series (exclusive of Units having suffered a Casualty Occurrence in respect to which a payment shall have theretofore been made to Lessor pursuant to this § 6) shall exceed \$25,000, Lessee shall, on the next succeeding rental payment date applicable to such Series, pay to Lessor in addition to the accrued rental for every such Unit to the date of such payment, a sum equal to the Casualty Value of every Unit as of the date of such payment, in accordance with the schedule below. On the last rental payment date during the original term hereof in respect of Units included in any Series, Lessee shall pay to Lessor, in addition to the rental accrued thereon, a sum equal to the Casualty Value of every Unit included in such Series which shall have suffered a Casualty Occurrence and in respect of which a payment shall not have theretofore been made pursuant to this § 6. Upon making such payment in respect of every such Unit, the rental for such Units shall cease to accrue as of the date of such payment, the term of this Lease as to such Units shall terminate and title to and rights in such Units shall thereupon vest in Lessee.

The Casualty Value of each Unit as of any rental payment date shall be that percentage of the Purchase Price of such Unit as is set forth in the following schedule opposite the number of such rental payment date:

<u>Payment No.</u>	<u>Percentage</u>	<u>Payment No.</u>	<u>Percentage</u>
1	100%	5	100%
2	100	6	100
3	100	7	100
4	100	8	100

<u>Payment No.</u>	<u>Percentage</u>	<u>Payment No.</u>	<u>Percentage</u>
9	95%	20	65%
10	95	21	60
11	90	22	60
12	90	23	50
13	80	24	50
14	80	25	40
15	75	26	40
16	75	27	30
17	70	28	30
18	70	29	20
19	65	30	20

Unless an Event of Default as defined in § 11 hereof shall have occurred and be continuing, Lessee may, in lieu of making that portion of the payment hereinbefore referred to equal to the Casualty Value of Units having suffered a Casualty Occurrence (hereinafter called the Casualty Payment), substitute therefor one or more new units of railroad equipment, each such substitution to be made in accordance with the provisions set forth in the following paragraphs of this § 6.

Any Unit having suffered a Casualty Occurrence which, by a written instrument filed with Lessor within a reasonable period prior to the date the Casualty Payment in respect thereof would otherwise be payable, Lessee elects to replace is hereinafter called the Destroyed Unit and the unit or units of railroad equipment being substituted therefor are hereinafter called the Replacing Unit. Each Replacing Unit shall be one or more new units of standard gauge railroad equipment (other than passenger equipment or work equipment) the lesser of the cost or fair market value of which shall be not less than the Casualty Value of the Destroyed Unit as of the date on which the Casualty Payment in respect thereof would otherwise be payable. No replacement of a Destroyed Unit shall be made pursuant to this § 6 if such replacement would result in the recognition of any gain to Lessor pursuant to any federal income tax law at the time in effect. Any Replacing Unit after such substi-

tion shall be subject to all the terms and conditions of this Lease as though part of the original Units delivered and accepted hereunder and shall be included in the term Units as used in this Lease. Rentals payable hereunder in respect of any Replacing Unit shall be payable at the times and in the amounts which rentals would otherwise have been payable hereunder in respect of the Destroyed Unit, and the term of this Lease with respect to any Replacing Unit shall expire on the date on which the term with respect to the Destroyed Unit would otherwise, but for such Casualty Occurrence, have expired. The Casualty Value of any Replacing Unit shall be computed on such basis that the amount payable to Lessor shall be the same as would have been payable if the Casualty Value of the original Unit or Units initially subject to this Lease which were replaced by such Replacing Unit were being determined on the date payment is required hereunder in respect of a Casualty Occurrence of such Replacing Unit.

Title to each Replacing Unit shall, by instruments satisfactory to Lessor and its counsel, be vested in Lessor free and clear of all liens and encumbrances except such as shall have been created by Lessor. Lessee shall, prior to its exercise of dominion or control over any Replacing Unit, execute, acknowledge, deliver, file and record all such documents and do any and all such acts as may be necessary to cause such Replacing Unit to come under and be subject to this Lease and to protect the title of Lessor thereto. All Replacing Units shall be warranted by the manufacturer thereof in like manner as is customary for equipment of the same type.

Each instrument filed by Lessee with Lessor evidencing Lessee's election to replace a Destroyed Unit shall be accompanied by

(1) a certificate of a Vice President of Lessee to the effect that the Replacing Unit is new standard gauge railroad equipment (other than passenger equipment or work equipment) and has been marked as required by the provisions of § 4 hereof and certifying the cost and fair market value of the Replacing Unit; and

(ii) an opinion of counsel for Lessee to the effect that title to the Replacing Unit is vested in Lessor free and clear of all liens and encumbrances except such as shall have been created by Lessor, that such Replacing Unit has come under and become subject to this Lease and that such replacement has been made in compliance with the requirements therefor set forth in this § 6.

Except as hereinabove in this § 6 provided, Lessee shall not be released from its obligation hereunder in the event of any Casualty Occurrence to any Unit after delivery to and acceptance thereof by Lessee hereunder.

§ 7. *Annual Reports.* On or before May 1 in each year commencing with the year 1967, Lessee will furnish to Lessor an accurate statement, as of the preceding January 1, (a) showing the amount, description and numbers of the Units then leased hereunder, the amount, description and numbers of all Units that may have suffered a Casualty Occurrence during the preceding twelve months (or since the date of this Lease, in the case of the first such statement), and such other information regarding the condition and state of repair of the Units as Lessor may reasonably request, and (b) stating that, in the case of all Units repainted during the period covered by such statement, the markings required by § 4 hereof shall have been preserved or replaced.

Lessor shall have the right, at its sole cost and expense, by its authorized representatives, to inspect the Units and Lessee's records with respect thereto, at such times as shall be reasonably necessary to confirm to Lessor the existence and proper maintenance thereof during the continuance of this Lease.

§ 8. *Compliance With Laws and Rules; Maintenance; Indemnification.* Lessor makes no warranty or representation, either express or implied, as to the design or condition of, or as to the quality of the material, equipment or workmanship in, the Units delivered to Lessee hereunder, and Lessor makes no warranty of merchantability or fitness of

the Units for any particular purpose or as to its title to the Units or any component thereof (except that Lessor warrants that the Units are, and during the term of this Lease will be, free and clear of all claims, liens and encumbrances by or in favor of any person claiming by, through or under Lessor, except claims, liens and encumbrances by or in favor of Lessee pursuant to this Lease and of The Chase Manhattan Bank (National Association), as Agent, and its successors, pursuant to the Chattel Mortgage dated as of the date hereof from Lessor to said Agent), it being agreed that all such risks, as between Lessor and Lessee, are to be borne by Lessee. Lessor hereby irrevocably appoints and constitutes Lessee its agent and attorney-in-fact during the continuance of this Lease to assert and enforce from time to time, in the name of and for account of Lessor and/or Lessee, as their interests may appear, whatever claims and rights Lessor may have, as vendee, under the provisions of §§ 5 and 6 of the Purchase Agreements.

Lessee agrees, for the benefit of Lessor, to comply with all governmental laws, regulations, requirements and rules (including the rules of the Interstate Commerce Commission and the Interchange Rules of the Mechanical Division, Association of American Railroads) with respect to the possession, use, maintenance and operation of each Unit subject to this Lease. In case any equipment or appliance on any such Unit shall be required to be changed or replaced, or in case any additional or other equipment or appliance is required to be installed on such Unit in order to comply with such laws, regulations, requirements and rules, Lessee agrees to make such changes, replacements and additions at its own expense, and Lessee agrees, at its own expense, to use, maintain and operate such Unit in full compliance with such laws, regulations, requirements and rules so long as it is subject to this Lease.

Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit which is subject to this Lease in good order and repair, ordinary wear and tear excepted.

Any parts installed or replacements made by Lessee upon any Unit shall be considered accessions to such Unit (except

such as are not required pursuant to the second paragraph of this § 8 and may be removed without in any way affecting or impairing either the originally intended function or the use of such Unit), and, without cost or expense to Lessor, there shall be immediately vested in Lessor the same interest in and title to such parts as the interest of Lessor in, and title of Lessor to, such Unit.

Lessee agrees to indemnify and save harmless Lessor against any charge or claim made against Lessor, and against any expense, loss or liability (including but not limited to counsel fees and expenses, patent liabilities, penalties and interest) which Lessor may incur in any manner, by reason of its entering into or the performance of the Purchase Agreements or this Lease or its ownership of, or which may arise in any manner out of or as the result of the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of, any Unit prior to the delivery thereof under, or while it is subject to, this Lease (whether during the term hereof or thereafter), and to indemnify and save harmless Lessor against any charge, claim, expense, loss or liability on account of any accident in connection with the operation, use, condition or possession of such Unit resulting in damage to property or injury to or loss of life of any person or entity (excluding, however, except as provided in § 11 hereof, expenses, losses or liabilities resulting from the disallowance of all or any portion of the "investment credit" allowed by Section 38 of the Internal Revenue Code of 1954, as amended). The indemnities contained in this paragraph shall survive payment of all other obligations under this Lease or the termination of this Lease.

Lessee agrees to prepare and deliver to Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of Lessor) any and all reports to be filed by Lessor, with any federal, state or other regulatory authority by reason of the ownership by Lessor of the Units or the leasing of the Units to Lessee.

§ 9. *Renewal and Purchase Options.* Not earlier than December 1, 1980, but not later than February 1, 1981, or

not earlier than six months prior to the expiration of any extended term of this Lease, if this Lease shall have theretofore been extended pursuant to the provisions of this § 9, Lessee may cause the Appraiser (as hereinafter defined) to make, at the expense of Lessee, an appraisal of (a) the fair market value, or (b) both the fair market value and the fair rental value for one or more alternative extended terms of this Lease specified by Lessee, of Units comprising one or more Lots (as hereinafter defined), and the report of the Appraiser setting forth its determination of such value or values shall be delivered to Lessor and Lessee not later than April 1, 1981, or not later than three months and 15 days prior to the expiration of the then extended term, as the case may be. Any such determination of fair rental value shall be based upon the rental of Units comprising such Lots pursuant to all of the terms and provisions of this Lease, with rentals payable in equal instalments semi-annually in arrears and shall include a schedule of Casualty Values for such extended term (which Value shall not initially be less than the fair market value of such Unit at the time of such appraisal and which shall decline over the extended term not more rapidly than the Casualty Values specified in § 6 hereof). Such fair market value as so determined in respect of any Unit is hereinafter called the Market Value of such Unit and the fair rental value as so determined for each semi-annual period in respect of any Unit for any term is hereinafter called the Rental Value for such Unit for such term.

If Lessee shall cause such appraisal to be made, Lessee may, by written notice delivered to Lessor not later than April 15, 1981, or not later than three months prior to the expiration of any extended term of this Lease, as the case may be, elect, unless an Event of Default as defined in § 11 hereof shall have occurred and be continuing,

A. to purchase all, but not fewer than all, the Units comprising any Lot the Market Value of which shall have been so determined, for an aggregate purchase price equal to the Market Value of such Units, payable by Lessee to Lessor in four equal annual instalments; and/or

B. to extend the term of this Lease in respect of all, but not fewer than all, the Units comprising any Lot for any term the Rental Value of which shall have been so determined at a rental equal to the Rental Value for such Units and with a Casualty Value as determined by the Appraiser.

In the case of any purchase pursuant to the foregoing subparagraph A, the following provisions shall be applicable: The first instalment of the purchase price in respect of such purchase of any Unit shall be payable on the date on which the term of this Lease with respect to such Unit would otherwise, but for the next succeeding sentence, expire. This Lease with respect to Units which Lessee shall have so elected to purchase shall continue until the purchase price and interest shall have been paid in full, but for an aggregate rental of \$1 per year, such continuation being intended to protect Lessor's title to, and to continue all obligations of Lessee hereunder with respect to, such Units while the purchase price in respect thereof remains unpaid. In the event of a Casualty Occurrence with respect to any such Units, the then remaining unpaid instalments of such purchase price and interest shall become immediately due and payable. Unpaid instalments of such purchase price shall bear interest payable on the annual and semi-annual anniversary dates of the payment of the first instalment of such purchase price, at a rate per annum equal to the rate of The Chase Manhattan Bank (National Association), or its successors, from time to time in effect for prime commercial loans of 90-day maturities. Any change in such rate of interest due to a change in such prime rate shall take place effective on the day following the effective date of a change in such prime rate. Upon payment in full of such purchase price, together with all interest thereon, Lessor shall upon request of Lessee execute and deliver to Lessee, or to Lessee's assignee or nominee, a bill of sale (without representations or warranties except that such Units are free and clear of all claims, liens and encumbrances by or in favor of any person claiming by, through or under Lessor) for such Units, and such other documents as may be required

to release such Units from the terms and scope of this Lease and to transfer title thereto to Lessee or such assignee or nominee, in such form as may be reasonably requested by Lessee, all at Lessee's expense.

In the case of any extension of the term of this Lease in respect of any Unit pursuant to the foregoing subparagraph B, the following provisions shall be applicable: The extended term of this Lease in respect of each such Unit shall commence upon the date the term of this Lease in respect of such Unit would otherwise expire and such extended term shall continue until the date specified in such written notice delivered by Lessee to Lessor. During any extended term, Lessee shall pay to Lessor rentals semi-annually in arrears in amounts equal to the Rental Value of such Units for such term, and the Casualty Value of any Unit at any time during such extended term shall be as specified in the report of the Appraiser.

For the purposes of this § 9, the Units shall be divided into seven lots (each of which is hereinafter called a Lot), each Lot to consist of all of the Units which were originally manufactured by one of the Builders (and for this purpose, Stanray and Ortner shall be considered a single Builder), together with any Replacing Units which may have been acquired by Lessor pursuant to § 6 hereof to replace Destroyed Units manufactured by such Builder which shall have suffered a Casualty Occurrence; except that if any Replacing Unit replaces Destroyed Units originally manufactured by more than one Builder, such Replacing Unit shall be included in the Lot of the Destroyed Unit having the greatest Casualty Value at the time of its respective Casualty Occurrence. The term Appraiser shall mean such independent appraiser as Lessor and Lessee may mutually agree upon, or, failing such agreement, a panel of three independent appraisers, one of which shall be selected by each of Lessor and Lessee with the third designated by the two so selected.

§ 10. *Return of the Units Upon Expiration of Term.* As soon as practicable on or after the expiration of the term of this Lease with respect to any Unit (other than a Unit

which shall have suffered a Casualty Occurrence), Lessee will, at its own cost and expense, at the request of Lessor, deliver possession of such Unit to Lessor upon such storage tracks of Lessee as Lessor may designate, or, in the absence of such designation, as Lessee may select, and permit Lessor to store such Unit on such tracks for a period not exceeding 100 days and transport the same at Lessor's cost and expense, at any time within such period, to any reasonable place on the lines of railroad operated by Lessee or to any connecting carrier for shipment, all as directed by Lessor; the storage of such Units to be at the expense of Lessee and at the risk of Lessor. During any such storage period Lessee will permit Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Unit, to inspect the same. The assembling, delivery, storage and transporting of Units as provided in this § 10 and § 12 are of the essence of this Lease, and upon application to any court having jurisdiction, Lessor shall be entitled to a decree against Lessee requiring specific performance of the covenants of Lessee so to assemble, deliver, store and transport the Units. If Lessor shall elect to abandon any Unit, it may deliver written notice to such effect to Lessee and Lessee shall thereupon assume all, and hold Lessor harmless from all liability arising in respect of any, responsibilities of ownership thereof from and after receipt of such notice.

§ 11. *Default.* If, during the continuance of this Lease, one or more of the following events (hereinafter sometimes called Events of Default) shall occur:

A. default shall be made in the payment of any part of the rental provided in § 2 hereof and such default shall continue for five days;

B. Lessee shall make or permit any unauthorized assignment or transfer of its leasehold interest under this Lease or of possession of the Units, or any thereof;

C. default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of Lessee contained herein and such default shall continue for 30 days after written

notice from Lessor to Lessee specifying the default and demanding the same to be remedied;

D. a petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may be hereafter amended, shall be filed by or against Lessee, and all the obligations of Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed in such proceedings or otherwise given a status comparable to the obligations incurred by such a trustee or trustees within 30 days after such appointment, if any, or 60 days after such petition shall have been filed, whichever shall be earlier; or

E. any other proceedings shall be commenced by or against Lessee for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the obligations of Lessee hereunder), and all the obligations of Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed for Lessee or for the property of Lessee in connection with any such proceedings or otherwise given a status comparable to obligations incurred by such a trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier;

then, in any such case, Lessor, at its option may:

(a) proceed, by appropriate court action or actions, either at law or in equity, to enforce performance by Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(b) by notice in writing to Lessee terminate this Lease, whereupon all right of Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but Lessee shall remain liable as hereinafter provided; and thereupon, Lessor may by its agents enter upon the premises of Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess and enjoy the same free from any right of Lessee, or its successors or assigns, to use the Units for any purposes whatever; but Lessor shall, nevertheless, have a right to recover from Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (and the rental for any number of days less than a full rental period shall be determined by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from Lessee (i) as damages for loss of the bargain and not as a penalty, a sum, with respect to each Unit, which represents the excess of the present worth, at the time of such termination, of all rentals for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over the then present worth of the then fair rental value of such Unit for such period computed by discounting to the date of such termination rentals which Lessor reasonably estimates to be obtainable for the use of the Unit during such period, such present worth to be computed in each case on a basis of $3\frac{1}{2}\%$ per annum discount, compounded semi-annually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, and (ii) any damages and expenses, including reasonable attorneys' fees, in addition thereto which Lessor shall have sustained by reason of the breach

of any covenant or covenants of this Lease other than for the payment of rental, including, without limitation, an amount which, after deduction of all taxes required to be paid by Lessor in respect of the receipt thereof under the laws of the United States or any political subdivision thereof, shall be equal to any portion of the investment credit allowed by Section 38 of the Internal Revenue Code of 1954, as amended, lost by Lessor as a result of the sale or other disposition of any Unit by Lessor after repossession or return thereof to Lessor upon the occurrence of an Event of Default.

The remedies in this Lease provided in favor of Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity. Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is permitted by law. Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make rental payments regardless of any offset or claim which may be asserted by Lessee or on its behalf.

The failure of Lessor to exercise the rights granted it hereunder upon any occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

§ 12. Return of Units Upon Default. If this Lease shall terminate pursuant to § 11 hereof, Lessee shall forthwith deliver possession of the Units to Lessor. For the purpose of delivering possession of any Unit or Units to Lessor as above required, Lessee shall at its own cost, expense and risk:

A. forthwith place such Units upon such storage tracks of Lessee as Lessor may designate or, in the absence of such designation, as Lessee may select,

B. permit Lessor to store such Units on such tracks for a period not exceeding six months at the risk of Lessee, and

C. transport the same, at any time within such six months' period, to any place on the lines of railroad operated by it or to any connecting carrier for shipment, all as directed by Lessor.

Without in any way limiting the obligation of Lessee under the foregoing provisions of this § 12, Lessee hereby irrevocably appoints Lessor as the agent and attorney of Lessee, with full power and authority, at any time while Lessee is obligated to deliver possession of any Unit to Lessor, to demand and take possession of such Unit in the name and on behalf of Lessee from whosoever shall be at the time in possession of such Unit.

§ 13. *Assignment; Possession and Use.* This Lease shall be assignable in whole or in part by Lessor without the consent of Lessee, but Lessee shall be under no obligation to any assignee of Lessor unless it shall have received written notice of such assignment.

So long as Lessee shall not be in default under this Lease, Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease, but, without the prior written consent of Lessor, Lessee shall not assign, transfer or encumber its leasehold interest under this Lease in the Units or any of them (except to the extent that the provisions of any existing mortgage on any of the lines of railroad of Lessee may subject such leasehold interest to the lien thereof). In addition, Lessee, at its own expense, will as soon as possible cause to be duly discharged any lien, charge or other encumbrance (other than an encumbrance resulting from claims against Lessor not related to the ownership of the Units or from any security interest created by Lessor) which may at any time be imposed on or with respect to any Unit or the interest of Lessor or Lessee therein.

Lessee shall not, without the prior written consent of Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of the next succeeding paragraph hereof.

Lessee, so long as it shall not be in default under this Lease, shall be entitled to the possession of the Units and the use thereof upon the lines of railroad owned or operated by it either alone or jointly with another and whether under lease or otherwise, and upon the lines of railroad owned or operated by any railroad company controlled by, or under common control with, Lessee, or over which Lessee has trackage rights, and the Units may be used also upon connecting and other carriers in the usual interchange of traffic, but only upon and subject to all the terms and conditions of this Lease (except that the Units to be manufactured by Ortner referred to in Schedule A hereto may be delivered to Stanray solely for the purpose of performing the work to be performed thereon by Stanray pursuant to the Purchase Agreement between Lessor and Stanray).

Lessee will not assign any Unit to service involving the regular operation and maintenance thereof in Canada or Mexico and any use of any Unit in Canada or Mexico will be incidental and temporary.

Nothing in this § 13 shall be deemed to restrict the right of Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any corporation (which shall have duly assumed the obligations hereunder of Lessee) into or with which Lessee shall have become merged or consolidated or which shall have acquired the property of Lessee as an entirety or substantially as an entirety and the obligations hereunder of Lessee shall be binding upon any such corporation whether or not it shall expressly assume such obligations.

§ 14. *Opinion of Counsel.* Concurrently with the execution and delivery of this Lease, Lessee has delivered to Lessor the written opinion of counsel for Lessee, in scope and sub-

stance satisfactory to Lessor and its counsel, to the effect that:

A. Lessee is a corporation legally incorporated and validly existing, in good standing, under the laws of the State of Delaware, with adequate corporate power to enter into this Lease;

B. this Lease has been duly authorized, executed and delivered by Lessee and constitutes the valid, legal and binding obligation of Lessee, enforceable in accordance with its terms;

C. this Lease, when filed and recorded with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act, will protect Lessor's title and interest in and to the Units in the United States of America and no filing, recording or deposit (or giving of notice) with any other federal, state or local government is necessary in the United States of America to protect the title and interest of Lessor in and to the Units in the United States of America;

D. no approval is required from any public regulatory body with respect to the entering into or performance of this Lease; and

E. the entering into and performance of this Lease will not result in any breach of, or constitute a default under, or result in the creation of any lien, charge or encumbrance upon Lessee's leasehold interest under this Lease in the Units (except to the extent that the provisions of any existing mortgage of Lessee may require the subjection of the leasehold interest to the lien thereof) pursuant to, any indenture, mortgage, deed of trust, bank loan or credit agreement or other instrument to which Lessee is a party or by which it may be bound.

In addition, Lessee will furnish the opinions of its counsel and other documents to be furnished by it pursuant to the Finance Agreement, at the time so required to be furnished.

§ 15. *Recording.* Prior to the delivery and acceptance of any of the Units, Lessee will cause this Lease to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act. Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register, record and deposit (and will refile, reregister, rerecord or redeposit whenever required) any and all further instruments required by law or reasonably requested by Lessor, for the purpose of proper protection, to the satisfaction of Lessor, of its title to the Units, or for the purpose of carrying out the intention of this Lease.

§ 16. *Interest on Overdue Rentals.* Anything to the contrary herein contained notwithstanding, any nonpayment of rentals due hereunder shall result in the obligation on the part of Lessee to pay also an amount equal to 6% (or the lawful rate, whichever is less) of the overdue rentals for the period of time during which they are overdue.

§ 17. *Investment Credit.* Anything to the contrary herein contained notwithstanding, in the event that, prior to the Closing Date in respect of any Units, there shall have been enacted, or there shall have been introduced in Congress an administration bill seeking enactment of, or there shall have been officially announced by an administration spokesman the intention of the administration to seek enactment of, any amendment to the Internal Revenue Code of 1954, as amended, which would operate to reduce or eliminate the "investment credit" accruing to Lessor pursuant to Section 38 of such Code (as in effect on the date hereof) in respect of the purchase by Lessor of such Units (it being the duty of Lessor promptly to give notice to Lessee of any enactment, introduction or announcement which, in the opinion of Lessor, is within the purview of the foregoing provisions of this sentence), then Lessor shall have no obligation to purchase such Units and, if such Units shall not be purchased by Lessor, they shall be eliminated from the Units covered by this Lease without any further action by either Lessor or Lessee. Lessee hereby assumes and agrees to perform and

discharge, and to hold Lessor harmless from all liability in respect of, all obligations of Lessor under the Purchase Agreements in respect to such Units and Lessor does hereby assign to Lessee all its right, title and interest under the Purchase Agreements in and to such Units.

In the event that Units shall be eliminated from this Lease pursuant to the provisions of the first paragraph of this § 17 or in accordance with the intention of the third paragraph of the preamble to this Lease, Lessor and Lessee shall each execute and to the other deliver a Supplement to this Lease evidencing such elimination in such form as may be necessary for the proper filing and recording thereof in all offices where this Lease shall at the time be filed or recorded.

§ 18. *Notices.* Any notice required or permitted to be given by either party to the other shall be deemed to have been given when deposited in the United States certified mails, first-class postage prepaid, addressed as follows:

If to the Lessor:

RCL Company
c/o The Chase Manhattan Bank
(National Association)
1 Chase Manhattan Plaza
New York, New York 10015
Attention of Corporate Trust Department

If to the Lessee:

Chicago, Rock Island and Pacific Railroad
Company
139 West Van Buren Street
Chicago, Illinois 60605

Attention of the Treasurer

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing.

§ 19. *Severability.* Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to

such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

§ 20. *Execution in Counterparts.* This Lease, and any lease supplemental hereto, may be executed in several counterparts, each of which so executed shall be deemed to be an original, and in each case such counterparts together shall constitute but one and the same instrument.

§ 21. *Law Governing.* This Lease shall be construed in accordance with the laws of the State of New York; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act.

IN WITNESS WHEREOF, Lessor has caused this instrument to be signed in its name by two partners duly authorized, and Lessee, pursuant to due corporate authority, has caused this instrument to be signed in its corporate name by a duly authorized officer and its corporate seal to be hereunto affixed and duly attested, all as of the date first above written.

RCL COMPANY,

By {
A partner
.....
A partner

CHICAGO, ROCK ISLAND AND PACIFIC
RAILROAD COMPANY,

[CORPORATE SEAL]

By
Vice President

Attest:

.....
Assistant Secretary

EXHIBIT B-1

SUPPLEMENT dated as of July 15, 1966, to **LEASE OF RAILROAD EQUIPMENT** dated as of April 1, 1966 (hereinafter called the Lease), each between **RCL COMPANY**, a New York partnership (hereinafter called Lessor), and **CHICAGO, ROCK ISLAND AND PACIFIC RAILROAD COMPANY**, a Delaware corporation (hereinafter called Lessee).

The Lease contemplates the acquisition of the Equipment (as therein defined) by Lessor and the leasing thereof to Lessee. The Lease was entered into upon the anticipation that all the Equipment would be delivered, accepted and settled for on or prior to August 31, 1966, the date upon which the commitments for long-term financing heretofore arranged by Lessor will expire. Lessor and Lessee now recognize that, because of delays in production schedules, a substantial portion of the Equipment may not be delivered, accepted and settled for on or prior to that date, and Lessor has therefore deemed it advisable to make arrangements for loans to finance a portion of the cost of the Equipment in advance of the date upon which settlement is to be made therefor. Such arrangements are set forth in the Supplement dated as of July 15, 1966 (hereinafter called the Supplement to the Finance Agreement) to the Finance Agreement dated as of April 1, 1966 (hereinafter called the Finance Agreement), each among The Chase Manhattan Bank (National Association), as Agent (hereinafter called the Agent), Lessor and the Lenders named in Schedule A to the Finance Agreement. Counterparts of the Finance Agreement and Supplement to the Finance Agreement (without exhibits) are attached hereto.

In order to make possible the transactions contemplated by the Supplement to the Finance Agreement, Lessee is willing to assume, in addition to the obligations presently set forth in the Lease, certain additional obligations, all as more specifically hereinafter set forth.

Except as otherwise expressly set forth herein, the terms used herein which are defined in the Lease shall have the meanings therein set forth. The term "Lease" as used therein shall for all purposes be deemed to mean the Lease as supplemented by this Supplement.

Now, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements hereinafter contained, the parties hereto agree as follows:

1. The first paragraph of the preamble to the Lease is hereby amended to read in its entirety as follows:

"Lessor proposes to enter into Purchase Agreements dated as of April 1, 1966 with, respectively, F.M.C. Corporation (hereinafter called F.M.C.), International Car Corporation (hereinafter called International), Magor Car Corporation (hereinafter called Magor), General Steel Industries (hereinafter called General), Alco Products, Incorporated (hereinafter called Alco), Ortner Freight Car Company (hereinafter called Ortner), Stanray Corporation (hereinafter called Stanray) and Difco, Inc. (hereinafter called Difco), in each case providing for the purchase by Lessor of certain railroad equipment, and Lessor also proposes to enter into Supplements dated as of July 15, 1966 to such purchase agreements with Alco, Ortner, Stanray and Difco. F.M.C., International, Magor, General, Alco, Ortner, Stanray and Difco are hereinafter individually called a Builder and, collectively, called the Builders; the purchase agreements referred to in the preceding sentence, as so supplemented in the case of purchase agreements with Alco, Ortner, Stanray and Difco, are hereinafter called the Purchase Agreements; and the railroad equipment being purchased by Lessor pursuant to the Purchase Agreements (subject to exclusion, as provided in the third paragraph hereof) is described in Schedule A and is hereinafter called the Equipment."

2. The date "August 31, 1966" appearing in the third paragraph of the preamble of the Lease is hereby deleted and the date "January 28, 1967" is hereby inserted in lieu thereof.

3. The first paragraph of § 2 of the Lease is hereby amended to read in its entirety as follows:

"Lessee agrees to pay to Lessor as rental for each Unit subject to this Lease 30 semi-annual payments, each payment in respect of any Unit settled for by Lessor pursuant to a Purchase Agreement prior to the Date of Deposit (as defined in the Finance Agreement) to be in an amount equal to 4.336638% of the Purchase Price of such Unit, and each payment in respect of all other Units as an aggregate to be in an amount equal to 4.336638% of the Aggregate Estimated Purchase Price. The term Purchase Price in respect of any Unit shall mean the aggregate amount paid by Lessor to the Builder of such Unit on the Closing Date (as defined in the Purchase Agreement between Lessor and such Builder) in respect of such Unit pursuant to such Purchase Agreement, which amount shall not, without the prior written consent of Lessee, exceed the amount indicated as the purchase price of such Unit in Schedule A hereto except by virtue of increases pursuant to the terms of such Purchase Agreement. The term Aggregate Estimated Purchase Price shall mean \$3,155,661.18 in respect of the instalment of rental to be paid hereunder on the business day immediately preceding the Cut-Off Date (as defined in the Finance Agreement) and in respect of all instalments of rental to be paid thereafter shall mean the aggregate Purchase Price paid by Lessor to the Builders of Units settled for on Closing Dates occurring on or after the Date of Deposit pursuant to the Purchase Agreements. As additional rental hereunder (i) in respect of each Unit, Lessee shall pay to the Builder of such Unit for account of Lessor,

promptly upon receipt from such Builder of an invoice or invoices therefor, any increase in the base price (as defined in the Purchase Agreement) of such Unit in excess of the Purchase Price thereof and (ii) in respect of all Units, whether or not delivered and accepted by Lessee hereunder (x) Lessee shall pay to the Agent, promptly upon its request, an amount equal to the fees of, if any, and all expenses incurred by the Agent in connection with the purchase and sale of Investments (as defined in the Supplement to the Finance Agreement), together with an amount equal to any deficiency arising because the proceeds upon any sale or maturity of any Investments, plus any interest received by the Agent thereon, are less than the cost thereof (including accrued interest, if any) and (y) Lessee shall pay directly to Lessor all expenses of Lessor in printing the Supplement to the Finance Agreement and of the Agent and counsel to the Agent and the Lenders therein referred to in connection with the preparation, execution and delivery thereof and the supplements to the other instruments attached thereto as exhibits and of the filing fees in connection therewith. The semi-annual payments to be made by Lessee pursuant to the first sentence of this § 2 in respect of Units settled for pursuant to the Purchase Agreements prior to the Date of Deposit shall be made on the day immediately preceding the semi-annual and annual anniversary dates (or if any such day is not a business day, on the immediately preceding business day) of the Closing Date in respect of such Unit, in federal funds or its equivalent. The semi-annual payments to be made by Lessee pursuant to the first sentence of this § 2 in respect of all other Units shall be made on the day immediately preceding the semi-annual and annual anniversary dates of the Date of Deposit (or if any such day is not a business day, on the immediately preceding business day) in federal funds or its equivalent; it being understood that the first such semi-annual payment shall be made by Lessee whether or not any Unit shall have

been delivered to Lessee between the Date of Deposit and the Cut-Off Date. As promptly as possible, Lessor will prepare and submit to Lessee a rental payment schedule setting forth the Purchase Price of each Unit and the amount and method of calculation of rental payments required by this § 2. The term "business day" as used herein shall mean any day other than a day on which commercial banks in New York are authorized by law to close. For the purposes hereof, all Units shall be divided into three Series, one Series comprising the Units settled for pursuant to the Purchase Agreements on May 19, 1966, the second Series comprising the Units so settled for on June 28, 1966, and the third Series comprising all other Units."

4. § 3 of the Lease is hereby amended to read in its entirety as follows:

"§ 3. *Term of Lease.* The term of this Lease as to each Unit shall begin on the date of delivery to and acceptance by Lessee of such Unit and, subject to the provisions of §§ 6, 9 and 11 hereof, shall, as to all Units settled for by Lessor pursuant to the Purchase Agreements prior to the Date of Deposit, terminate on the fifteenth anniversary of the Closing Date in respect of such Unit and, as to all other Units, shall terminate on the fifteenth anniversary of the Date of Deposit."

IN WITNESS WHEREOF, Lessor has caused this instrument to be signed in its name by two partners duly authorized, and Lessee, pursuant to due corporate authority, has caused this instrument to be signed in its corporate name by a duly authorized officer and its corporate seal to be hereunto

affixed and duly attested, all as of the date first above written.

RCL COMPANY,

by {
A partner
.....
A partner

CHICAGO, ROCK ISLAND AND PACIFIC
RAILROAD COMPANY,

By
Vice President

[CORPORATE SEAL]

Attest:

.....
Assistant Secretary

STATE OF NEW YORK, }
COUNTY OF NEW YORK, } ss.:

On this day of July, 1966, before me personally appeared HENRY W. DE KOSMIAN and WAYNE E. CHAPMAN, to me known and known to me to be two of the partners of RCL COMPANY, the partnership mentioned and described in, and which executed, the foregoing instrument, and said partners duly acknowledged to me that they executed said instrument for and on behalf of and with the authority of said partnership of RCL COMPANY for the uses and purposes therein mentioned.

.....
Notary Public

STATE OF ILLINOIS, }
COUNTY OF COOK, } ss.:

On this day of July, 1966, before me personally appeared , to me personally known, who being by me duly sworn, says that he is a Vice President of CHICAGO, ROCK ISLAND AND PACIFIC RAILROAD COMPANY, that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

.....
Notary Public

My Commission expires

STATE OF NEW YORK, }
COUNTY OF NEW YORK, } ss.:

On this day of May, 1966, before me personally appeared RICHARD S. SIMMONS and WAYNE E. CHAPMAN, to me known and known to me to be two of the partners of RCL COMPANY, the partnership mentioned and described in, and which executed, the foregoing instrument, and said partners duly acknowledged to me that they executed said instrument for and on behalf of and with the authority of said partnership of RCL COMPANY for the uses and purposes therein mentioned.

.....

STATE OF ILLINOIS, } ss:
COUNTY OF COOK,

On this day of May, 1966, before me personally appeared , to me personally known, who being by me duly sworn, says that he is a Vice President of CHICAGO, ROCK ISLAND AND PACIFIC RAILROAD COMPANY, that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

.....

My Commission expires

#6271A/13
9.12.80

LEASE #4A

EXHIBIT C

A. Section 2 of the Lease is hereby amended by adding the following after the last paragraph of that Section:

"The semi-annual rental after the Original Term, as defined in Section 22 of the Lease, shall be as follows for the Units noted below and payable in arrears beginning 6 months after the termination of the Original Term to the parties as noted below:

<u>Unit Designation</u>	<u>Total Rental</u>	<u>Payable as Follows:</u>	
		<u>To Lessor</u>	<u>To North American Car Corporation</u>
77 Ton Air Dump Hoppers (RI97410 to 97415, all inclusive)	\$ 900.00	\$ 843.08	\$ 56.92
Cabooses (RI17072 to to 17081, all inclusive)	\$1,080.00	\$1,019.44	\$ 60.56
100 Ton Hopper Cars (RI 101700 to 191999 all inclusive, including thirteen such cars which are renumbered 601700 to 601712)	\$ 780.00	\$ 705.51	\$ 74.49
65' Gondola Cars (RI3450 to 3499, all inclusive, including one such car which is renumbered 503450)	\$ 750.00	\$ 689.31	\$ 60.69

The final rental payment shall be pro rated.

North American Car Corporation is a third party beneficiary as to this Lease."

#6271A/13
9.12.80

LEASE #4A

EXHIBIT C

A. Section 2 of the Lease is hereby amended by adding the following after the last paragraph of that Section:

"The semi-annual rental after the Original Term, as defined in Section 22 of the Lease, shall be as follows for the Units noted below and payable in arrears beginning 6 months after the termination of the Original Term to the parties as noted below:

<u>Unit Designation</u>	<u>Total Rental</u>	<u>Payable as Follows:</u>	
		<u>To Lessor</u>	<u>To North American Car Corporation</u>
77 Ton Air Dump Hoppers (RI97410 to 97415, all inclusive)	\$ 900.00	\$ 843.08	\$ 56.92
Cabooses (RI17072 to to 17081, all inclusive)	\$1,080.00	\$1,019.44	\$ 60.56
100 Ton Hopper Cars (RI 101700 to 101999 all inclusive, including thirteen such cars which are renumbered 601700 to 601712)	\$ 780.00	\$ 705.51	\$ 74.49
65' Gondola Cars (RI3450 to 3499, all inclusive, including one such car which is renumbered 503450)	\$ 750.00	\$ 689.31	\$ 60.69

The final rental payment shall be pro rated.

North American Car Corporation is a third party beneficiary as to this Lease."

B. Section 3 of the Lease is hereby amended to read as follows:

"Term of Lease. The term of this Lease as to each Unit shall begin on the date of the delivery to and acceptance of Lessee of such Unit and subject to the provisions of Sections 6 and 11 hereof shall terminate on July 28, 1990, provided, however, that with respect to the cabooses only, the term of this Lease as to each caboose shall begin on the date as noted in the immediately preceding clause and, subject to Sections 6 and 11 hereto, shall terminate on July 28, 1995; and provided further, however, that with respect to the cabooses only, if this Lease has not been earlier terminated and Lessee is not in default hereunder, Lessee may be written notice delivered to Lessor not less than six months prior to the end of the original term of this Lease to elect to extend the term of this Lease in respect of all but not less than all of the cabooses then covered by this Lease, for a five-year period commencing on the scheduled expiration date of this Lease. Such extension shall be on the same terms and conditions as are contained in this Lease, except as to applicable rentals and Casualty Values, which during the term of any such renewal shall be the "Fair Market Rental" "Fair Market Casualty Values" respectively (as hereinafter defined) of the cabooses. In the event that the term of this Lease is extended pursuant to the preceding sentence, Lessee shall pay rentals at the "Fair Market Rental" (as hereinafter defined) of such cabooses in semi-annual payments in arrears commencing six months after the first day of the renewal term. Fair Market Rental and Fair Market Casualty Values shall be determined on the basis of, and shall be equal in amount to,

SCHEDULE A

<u>Builder</u>	<u>Quantity</u>	<u>Type</u>	<u>Specifications</u>	<u>Lessee's Identification No. (Inclusive)</u>	<u>Purchase Price Per Unit</u>	<u>Place of Delivery</u>	<u>Total Purchase Price</u>	
F. M. C. Corporation	300	100-ton 2650 cu. ft. Hopper cars	Proposal dtd 10/16/65; ltr dtd 11/13/65 & Proposal Exhibit A	101700 to 101999	\$ 14,533.86	Russell, Kentucky	\$4,360,158.00	
International Car Corporation	10	Cabooses	Spec 340 & Proposal dtd 12/10/65	17072 to 17081	22,111.23	Kenton, Ohio	221,112.30	
Magor Car Corpora- tion	50	100-ton 65'6" Gondola cars	Proposal dtd 10/21/65	3450 to 3499	14,468.66	Clifton, N. J.	723,433.00	
General Steel Industries	50	70-ton 53'6" Bulk- head flat cars	Proposal dtd 9/24/65 & General Arrangement dwg 32716-C	91825 to 91874	19,346.00	Kansas City, Kan.	967,300.00	
Alco Products, Incorporated	5	1500 H.P. Switching locomotives	Proposal DL-4B-167 dtd 2/1/66	415 to 419	153,694.00	Gibson, Indiana	768,470.00	8
Ortner Freight Car Company	30	100-ton 52'6" Covered gondola cars, less roofs and running boards	Proposal dtd 10/15/65 & Spec dtd 9/23/65	3870 to 3899	16,390.00	Covington, Kentucky	491,700.00	
Stanray Corporation	30	Roofs for 100-ton 52'6" covered gondola cars to be built by Ortner Freight Car Com- pany referred to above	Standard Model 75, quo- tation dtd 11/22/65; dwg D-3904, Spec D-2904 dtd 12/16/64	To be applied to cars numbered 3870 to 3899	2,102.15	Hammond, Indiana	63,064.50	
Difco, Inc.	6	77-ton Air dump hopper cars	Proposal dtd 1/26/66, Spec dtd 12/28/65, General Arrangement dwg 7935 & ltr dtd 2/16/66	97410 to 97415	18,118.80	Findley, Ohio	108,712.80 \$7,703,950.60	

SCHEDULE A

<u>Builder</u>	<u>Quantity</u>	<u>Type</u>	<u>Specifications</u>	<u>Lessee's Identification Nos. (Inclusive)</u>	<u>Purchase Price Per Unit</u>	<u>Place of Delivery</u>	<u>Total Purchase Price</u>	
F. M. C. Corporation	300	100-ton 2650 cu. ft. Hopper cars	Proposal dtd 10/16/65; ltr dtd 11/13/65 & Proposal Exhibit A	101700 to 101999	\$ 14,533.86	Russell, Kentucky	\$4,360,158.00	
International Car Corporation	10	Cabooses	Spec 340 & Proposal dtd 12/10/65	17072 to 17081	22,111.23	Kenton, Ohio	221,112.30	
Magor Car Corpora- tion	50	100-ton 65'6" Gondola cars	Proposal dtd 10/21/65	3450 to 3499	14,468.66	Clifton, N. J.	723,433.00	
General Steel Industries	50	70-ton 53'6" Bulk- head flat cars	Proposal dtd 9/24/65 & General Arrangement dwg 32716-C	91825 to 91874	19,346.00	Kansas City, Kan.	967,300.00	
Alco Products, Incorporated	5	1500 H.P. Switching locomotives	Proposal DL-4B-167 dtd 2/1/66	415 to 419	153,694.00	Gibson, Indiana	768,470.00	88
Ortner Freight Car Company	30	100-ton 52'6" Covered gondola cars, less roofs and running boards	Proposal dtd 10/15/65 & Spec dtd 9/23/65	3870 to 3899	16,390.00	Covington, Kentucky	491,700.00	
Stanray Corporation	30	Roofs for 100-ton 52'6" covered gondola cars to be built by Ortner Freight Car Com- pany referred to above	Standard Model 75, quo- tation dtd 11/22/65; dwg D-3904, Spec D-2904 dtd 12/16/64	To be applied to cars numbered 3870 to 3899	2,102.15	Hammond, Indiana	63,064.50	
Difco, Inc.	6	77-ton Air dump hopper cars	Proposal dtd 1/26/66, Spec dtd 12/28/65, General Arrangement dwg 7935 & ltr dtd 2/16/66	97410 to 97415	18,118.80	Findley, Ohio	108,712.80 \$7,703,950.60	

the rental and casualty value which would obtain in an arm's-length transaction between an informed and willing lessee (other than a lessee currently in possession) and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a deduction from such rental or casualty value and there shall be excluded any rental or casualty value attributable to improvements or additions which Lessee is permitted to remove pursuant to Section 8. If on or before 150 days prior to the expiration date of this Lease, Lessor and Lessee are unable to agree upon a termination of the Fair Market Rental or Fair Market Casualty Values of the relevant cabooses, such rental and value shall be determined in accordance with the foregoing definitions by a qualified independent Appraiser. The term "Appraiser" shall mean such independent appraiser as Lessor may select with the approval of Lessee, or, failing such approved selection, a panel of three independent Appraisers, one of whom shall be selected by Lessor, the second by Lessee and the third designated by the first two so selected. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to Lessor and Lessee. The determination so made shall be conclusively binding upon both Lessor and Lessee. The expenses and fees of the Appraiser shall be borne equally by Lessor and Lessee."

C. The following sentences are hereby added to the end of the first paragraph of Section 4 of the Lease:

"Lessee may change the identification marks on the Units to reflect the interest of Lessee in the Units provided Lessor is promptly notified of such change. Such change shall be filed, recorded and deposited and Lessor's interest in the Units shall continue to be marked on the Units, all as provided in this Section 4."

D. The following paragraphs are hereby substituted in lieu of the first and second existing paragraphs of Section 5 of the Lease:

"Section 5. Taxes, Etc. All payments to be made by Lessee hereunder will be free of expense to Lessee for collection or other charges and will be free of expense to Lessor with respect to the amount of any local, state, Federal or foreign taxes (income, gross receipts, franchise, sales, use, property [real or personal, tangible or intangible], stamp and minimum [imposed under Section 56 of the Internal Revenue Code of 1954, as amended] taxes), or license fees, assessments, charges, fines or penalties (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called "impositions") hereafter levied or imposed upon or in connection with or measured by any Unit or this Lease or any manufacture, sale, rental, ownership, possession, use, payment, shipment, delivery, nondelivery, rejection, transfer of title,

return or other disposition of the Units (other than a disposition by Lessor following return of any Unit in accordance with Section 10 hereof), under the terms hereof (other than any United States Federal income tax [and, to the extent that Lessor receive credit therefor against their United States Federal income tax liability, any foreign income tax] on or measured by the net income of Lessor in consequence of the receipt of payments provided for herein and other than the aggregate of all state or local taxes on or measured by the net income of Lessor based on such receipts and value added taxes in lieu of such net income taxes up to the amount of any such taxes which would be payable to the state and city in which Lessor has its principal place of business without apportionment to any other state, and other than any state franchise tax which is not based on or measured by net income, except any such tax which is in substitution for or relieves Lessee from the payment of taxes which it would otherwise be obligated to pay), all of which impositions Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. Lessee will also pay promptly all impositions which may be imposed upon any Unit or for the use or operation thereof or upon the receipts or earnings arising therefrom (except as provided above) or upon Lessor by reason of its ownership thereof and will keep at all times all and every part of such Unit free and clear of all impositions which might in any way affect the title of Lessor or the interest of Lessee or result in a lien upon any such Unit; provided, however, that Lessee shall be under no

obligation to pay any impositions of any kind so long as such imposition remains unpaid and Lessee is contesting in its own name and in good faith and by appropriate legal or administrative proceedings such impositions, or Lessor is required to contest such impositions as provided in this Section 5, and the nonpayment thereof does not, in the reasonable opinion of Lessor adversely affect the title, property or rights of Lessor. Lessee agrees to give Lessor notice of such contest brought in Lessee's name within 30 days after institution thereof and Lessor agrees to provide such information as may be reasonably requested by Lessee in furtherance of such contest. If any impositions shall have been charged or levied against Lessor directly and paid by Lessor, Lessee shall pay Lessor on presentation of an invoice therefor if Lessor shall have been legally liable with respect thereto (as evidenced by an opinion of counsel for Lessor) or Lessee shall have approved the payment thereof, and Lessor agrees to give Lessee written notice promptly after it first obtains knowledge of the making of such charge or levy, and agrees to take such other action as may reasonably be requested by Lessee for the purpose of contesting payment or obtaining refund of all or a portion of such impositions, as hereinafter provided in this Section 5.

"If claim is made against any Lessor for any impositions indemnified against under this Section 5, Lessor shall promptly notify Lessee. If reasonably requested by Lessee in writing, Lessor shall, upon receipt of indemnity satisfactory to it for all costs,

expenses, losses, legal and accountants' fees and disbursements, penalties, fines, additions to tax and interest, and at the expense of Lessee, contest in good faith the validity, applicability or amount of such impositions by (a) resisting payment thereof if possible, (b) not paying the same except under protest, if protest is necessary and proper, and (c) if payment is made, using reasonable efforts to obtain a refund thereof in appropriate administrative or judicial proceedings, or both. Lessee may also contest, or cause to be contested, at its own expense, the validity, applicability or amount of such impositions in the name of Lessor, provided that no proceeding or action relating to such contest shall be commenced (nor shall any pleading, motion, brief or other paper be submitted or filed in the name of Lessor in any such proceeding or action) without the prior written consent of Lessor, which consent shall not be unreasonably withheld. If Lessor shall obtain a refund of all or any part of such impositions previously reimbursed by Lessee in connection with any such contest or any amount representing interest thereon applicable to the amount paid by Lessee and the period of such payment, Lessor shall pay to Lessee the amount of such refund or interest net of expenses, but only if no Event of Default, or event which with notice or lapse of time or both would constitute an Event of Default, shall have occurred and be continuing.

"Lessee shall, whenever reasonably requested by Lessor, submit copies of returns, statements, reports, billings and remittances, or furnish other evidence satisfactory to Lessor of

Lessee's performance of its duties under this Section 5. Lessee shall also furnish promptly upon request such data as such party reasonably may require to permit such party's compliance with the requirements of taxing jurisdictions.

"The amount which Lessee shall be required to pay with respect to any imposition which is subject to indemnification under this Section 5 shall be an amount sufficient to restore Lessor to the same net return that would have been realized except for such payment."

E. The following paragraph is hereby added to Section 6 of the Lease, following the first existing paragraph thereof:

"If Lessor shall sell any Unit that has suffered a Casualty Occurrence, after Lessee shall have paid the Casualty Value of such Unit to Lessor, then Lessee shall be entitled to an amount that is equal to the net proceeds of such sale (after deducting all expenses in connection therewith) to the extent that such amount and other credits or payments do not exceed the Casualty Value of such Unit."

F. The following is hereby added after the second paragraph of Section 6.

"Casualty Value for each Unit with the exception of the cabooses, after the Assignment Commencement Dates, as defined in that certain Assignment and Assumption of Lease dated May 30, 1980 ("CNW Assignment") by and between William M. Gibbons, as Trustee of the Property of the Chicago, Rock Island and Pacific Railroad Company (the "Trustee") and Chicago and North Western Transportation Company ("CNW"), shall be that multiple of semi-annual rental payments for such Unit during the portion of the Original Term prior to the CNW Assignment as set forth in the following schedule opposite the number of each rental payment commencing with Payment Number 29, as a continuation schedule of payments made under the Lease:

<u>Payment Number</u>	<u>Multiple</u>
29	11.950
30	11.608
31	11.246
32	10.865
33	10.462
34	10.038
35	9.590
36	9.117
37	8.619
38	8.093
39	7.538
40	6.952
41	6.335
42	5.683
43	4.996
44	4.270
45 1/28/89	3.505
46 - 7/28/89	2.698
47 1/28/90	1.846
48 7/28/90	.948

"Casualty Value" for each caboose, after the aforesaid Assignment Commencement Dates, shall be that multiple of semi-annual rental payments for each caboose during the portion of the Original Term prior to the CNW Assignment as set forth in the following schedule opposite the number of each rental payment commencing with payment number 29, as a continuation schedule of payments made under the Lease:

<u>Payment Number</u>	<u>Multiple</u>
29	14.534
30	14.333
31	14.121
32	13.898
33	13.663
34	13.414
35	13.152
36	12.875
37	12.583
38	12.275
39	11.950
40	11.608
41	11.246
42	10.865
43	10.462
43	10.038
45	9.590
46	9.117
47	8.619
48	8.093
49	7.538
50	6.952
51	6.335
52	5.683
53	4.996
54	4.270
55	3.505
56	2.698
57	1.846
58	.948

For any Casualty Occurrence prior to the Assignment Commencement Dates, the Casualty Value shall be paid by the Trustee only and shall be the amount as originally scheduled in the Lease."

G. The following paragraphs are hereby substituted for the existing fourth paragraph of Section 8 of the Lease:

"Lessee, at its own cost and expense, may furnish other additions, modifications and improvements (including, without limitation, any special devices, assemblies or racks at any time attached or affixed to any Unit, the cost of which is not included in the Purchase Price of such Unit and which are not required for the operation or use of such Unit by the United States Department of Transportation, the Interstate Commerce Commission or any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over such Unit) (collectively "Additions") to the Units as Lessee may deem desirable in the proper conduct of its business so long as such Additions shall not be inconsistent with the continuing operation of the Units, and shall not diminish the value, utility or condition of the Unit below the value, utility and condition thereof immediately prior to the making of such Additions, assuming the Units were then in the condition required to be maintained by the terms of this Lease.

"Title to all Parts (as hereinbelow defined) incorporated in or installed as part of the Units shall without further act vest in

Lessor in the following cases: (i) such Part is in replacement of or in substitution for, and not in addition to, any Part originally incorporated in or installed as part of a Unit at the time of the acceptance thereof hereunder or any part in replacement of, or in substitution for, any such original Part; (ii) such Part is required to be incorporated in or installed as part of the Units pursuant to the provisions of the first sentence of the fourth paragraph of this Section 8; or (iii) such Part cannot be readily removed from the Unit to which it relates without material damage thereto and without diminishing or impairing the value or utility which such Unit shall have had at such time had such alteration or addition not occurred. In all other cases, if no Event of Default, or event which with notice or lapse of time or both would constitute an Event of Default, shall have occurred and be continuing, title to Parts Incorporated in or installed as parts of the Units as a result of such alterations or additions shall vest in Lessee and may be removed by Lessee at any time during the term of this Lease or renewal thereof and prior to return of the Units to Lessor.

"The term "Part" for the purposes of this Section shall be defined to include any appliance, part instrument, accessory furnishing or other equipment of any nature which may from time to time be incorporated in or installed part of any Unit."

H. Section 9 of the Lease is hereby deleted in its entirety.

I. The following is hereby substituted in lieu of the second, third and fourth existing paragraphs of Section 13 of the Lease:

"So long as Lessee shall not be in default under this Lease, Lessee shall be entitled to the possession and use of the Units and, without Lessor's consent to sublease the Units to, or to permit their use by, a user incorporated in the United States of America (or any state thereof or the District of Columbia), upon lines of railroad owned or operated by Lessee or such user or by a railroad company or companies incorporated in the United States of America (or any state thereof or the District of Columbia), or over which Lessee, such user, or such railroad company or companies have trackage rights for operation of their trains, and upon the lines of railroad of connecting and other carriers in the usual interchange of traffic or in through or run-through service, but only upon and subject to all the terms and conditions of this Lease; provided, however, that Lessor's consent, not to be unreasonably withheld, must be obtained for any sublease that is for a term or terms that aggregate more than six months in any one year, provided, further, however, that Lessee shall not sublease or permit the sublease or use of any Unit outside the United States of America, except occasional use permitted in Canada or Mexico as long as such use does not involve regular operation and maintenance outside the United States of America; and provided, further, however, that any such sublease or use shall be consistent with the provisions of